

E-999/CI-90-1002 ORDER INITIATING AN INVESTIGATION INTO MINNESOTA  
ELECTRIC UTILITIES' SERVICE EXTENSION POLICIES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of an  
Investigation into Minnesota  
Electric Utilities' Service  
Extension Policies

ISSUE DATE: December 3, 1990

DOCKET NO. E-999/CI-90-1002

ORDER INITIATING AN  
INVESTIGATION INTO MINNESOTA  
ELECTRIC UTILITIES' SERVICE  
EXTENSION POLICIES

**PROCEDURAL HISTORY**

On May 18, 1990, James Kruger filed a complaint against Northern States Power Company, challenging the Company's authority to charge him \$4950 to extend electric service to his new home.<sup>1</sup> In its comments on that docket, the Department of Public Service identified several generic service extension issues the Commission might wish to investigate in a separate generic docket.

In its final Order in the Kruger docket<sup>2</sup>, the Commission found that the issues raised by the Department merited further investigation, which would be initiated under separate docket number.

**FINDINGS AND CONCLUSIONS**

In recent years the number of complaints filed by ratepayers in regard to electric service extension charges has steadily risen. At the least, it is clear that public understanding of utilities' service extension policies is inadequate.

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<sup>1</sup> In the Matter of the Complaint of James Kruger Regarding Northern States Power Company's Charges for Residential Service Extension, Docket No. E-002/C-90-531.

<sup>2</sup> ORDER CONSTRUING TARIFF, REQUIRING NEW TARIFF FILING, AND REQUIRING REMEDIAL PROCEDURES.

There are other issues which merit further analysis as well. Service extension tariffs often do not contain enough detail to give builders, developers, and members of the public reliable information on the actual costs of specific service extensions. There are also significant differences in different utilities' treatment of new service extensions. Their definitions of longer-than-normal service extensions vary widely, as do their cost recovery and cost assessment policies. The Department has also raised questions in regard to the competitiveness of rates charged for service extensions.

Finally, recent changes in the federal tax code have resulted in less favorable tax treatment of payments made under service extension tariffs. These tax changes may make it worthwhile to examine alternatives to lump sum advance payments of the costs associated with longer-than-normal service extensions.

The Commission will ask the Department to examine these and related issues and report its findings and recommendations to the Commission.

#### **ORDER**

1. Within 120 days of the date of this Order the Department of Public Service shall file its report and recommendations on the service extension policies and tariffs of Minnesota electric utilities, addressing the issues discussed above and any other issues the Department believes merit further analysis.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)